



Agenda Item 6b

November 17, 2014

ITEM NAME: Annual Report to the California Legislature – CalPERS
Emerging Manager Five-Year Plan

PROGRAM: Targeted Investment Programs

ITEM TYPE: Total Fund – Action

RECOMMENDATION

Approve transmission of CalPERS Emerging Manager Five-Year Plan annual report to the California Legislature pursuant to statutory requirements of Chapter 701 of the Statutes of 2011 (SB 294 Price).

EXECUTIVE SUMMARY

This agenda item seeks approval to submit the Emerging Manager Five-Year Plan, CalPERS Year Two Report to the State Legislature.

STRATEGIC PLAN

This item directly supports the CalPERS Strategic Plan goal to improve long-term pension and health benefit sustainability.

INVESTMENT BELIEFS

This item supports Investment Belief 3 that CalPERS investment decisions may reflect wider stakeholder views, provided they are consistent with its fiduciary duty to members and beneficiaries.

BACKGROUND

Chapter 701 of the Statutes of 2011 (SB 294 Price) requires CalPERS to complete and deliver a Five-Year Plan that describes our efforts in emerging manager investing. CalPERS shall submit a report to the Legislature, commencing March 1, 2014, and thereafter in compliance with Government Code § 9795.

ANALYSIS

In August 2012, CalPERS began implementing the Emerging Manager Five-Year Plan concentrating on Portfolio Management and External Outreach work streams. This Year Two report describes progress against the work streams over the 12-month period from July 1, 2013 through June 30, 2014.

BUDGET AND FISCAL IMPACTS

Not Applicable

BENEFITS/RISKS

The benefit of compiling the Emerging Manager Five-Year Plan is to provide a framework and single source of transparency into the CalPERS practices and engagement with emerging investment managers. Failure to comply with the reporting requirements of Chapter 701 of the Statutes of 2011 (SB 294 Price) could result in legal and reputational risk for CalPERS.

ATTACHMENTS

Attachment 1 – Emerging Manager Five-Year Plan, CalPERS Year Two Report to the State Legislature

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